G. R. S. IX-5]

Previous references.

S.F 226-16 85 10 2,
B. May 17

1917-18
(S.F)

File No. 94-1

Serial Nos. 1, 2, 4, 4a, 12

Later references.

G.F. 22-26-1.
G.F. 22-26-2+3
J) 70-27 pl 102

GENERAL AND REVENUE SECRETARIAT.

P. 68 (1)

10+11.

Serial Nos. 1-2, 4, 4a, 12+13

Part B for August 1918

SUBJECT.

Payment of Safer-tax on income from interest from the Govt investments in Govt of India Securities.

Sl. 13.

To
The F. A. Resident
P.S: no: 58 dated 17-7-18

Acknowledges receipt of his letter of 8th July 1918 (Sl. 12) and requests that the best thanks of the Darbar may kindly be conveyed to the Govt of India for their favourable decision on the question.

Sd. for Chief Secretary
9-8-1918.

W D 88—GPB—60,000—24-7-16.

G. R. S. III—1] 1917. 8

GENERAL AND REVENUE SECRETARIAT.

(G 7)

NOTES.

G7 File No. 94-17

FILE HEADING.

Payment of Super. tax on income from interest from the Govt investments in Govt of India Securities.

From

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

P. 70.

NOTES—First Sheet.

WD 1232—GPB—20,000—18-11-18

G.R.S. III—3

C & 94-17
Sw. 1

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

D 981

From the Collector
C & M Station, Bangalore
No 794 & 23. 10. 17

Forwards a Notice under Sec 5 (1) of Act VIII of 1917 (Super-tax Act) & requests that the duplicate on any be caused to be served on the Dewan The original being returned to him

(Sd) May this be forwarded to the Comptr for furnishing the necy information as asked for by the Collr.
FC Secy
30/10.

18
30.10.17.

1 Yes, in the meantime please put up all the acts & papers referred to in the notice as also the previous discussion we had on the subject. Also please send a copy of the notice to the Govt Advocate for opinion as to whether super-tax is payable—

30/10

18
30/10

Please send a wire at once to Bangalore bringing my note with all connected papers and reports thereon, with a serial number by which it may be easily known. Spare copy is in my table in my room. Also all the Indian and the accounts of Govt India (latest year) — asked Hyderabad

18
31.10.

3 A draft to the Govt Advocate is put up for approval.

4 The India Gazette containing the Super tax Act is removed

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

from the Income tax file & put up here for reference. For any further reference & papers, the office at Baipl will be asked to put up. This may be unofficially referred to the Comptroller after issuing the draft to the Govt Advocate.

Subd
TSA
30/10. 31

5. Issue. to Govt advocate.

---

6. The papers are forwarded to the Comptroller with the compliments of forwarding the opinion required by the Collector of the Dept. & requesting his opinion as whether the Mysore Govt is liable to be proceeded against.

SO
V Sreenivasa Iyengar
31-10-17. for TL Kang

7 What the Notice requires is "a true return of the income of the Mysore Government under Part III (Interest on Government Pro-notes) of the Income-Tax Act (II of 1886) for the year - ending the 31st March 1917".

8 The holding of the Mysore Government the interest on which is subject to income-tax, -- consists of the following:-

(a) Government of India Pro-notes in the ordinary form
(b) Madras Municipal Debentures
Calcutta do
Bombay do
Karachi Port Trust Debentures
Bombay do

9 The Notice refers only to (a). It does not therefore appear to be necessary to include (b) in the return required. I, however, send a separate statement giving particulars of investment in (b) and income therefrom.

10 2. The Notice requires a return of <u>income</u> for the year ending March 1917. 'Income' is -- defined in the Income Tax Act (Act ii of 1886) as income "accruing and arising or received." --- Apparently total interest <u>accrued</u> during the year whether received or not has to be shown in the return. I have, therefore, shown in it both the interest accrued and interest actually -- received.

11 3. Out of the balance of Rs.48,60,900 on the 31st March 1917, pro-notes for Rs.33,76,400 have since been sold.

12 4. In the Note of the Financial Assistant Secretary dated the 17th March 1917, it is stated that the Mysore Government is not liable to pay Super Tax for two reasons, namely,

(1) that according to Sections 1 and 3 of

Flag A

Act VIII of 1917 it is payable only by persons subject to the Act and that in the case of Native States such persons are only British subjects in those States;

& (2) that the Super Tax is levied on individuals by direct personal assessment and not recovered as the Income Tax is, "at the source".

13. 5. I am not sure if this view is correct. Section 3 of the Super Tax Act provides that "in addition to the tax imposed by Section 4 of the Income Tax Act, there shall be paid by every person subject to this Act a Super Tax upon the taxable income of such person". -- Section I of the Super Tax Act is the same as Section I of the Income Tax Act. Both the Acts apply to the whole of British India and "income" as defined in Section 3 of the Income Tax Act means "income accruing and arising or received in British India". The income of the Mysore Government from interest on Government of India pro-notes accrues in British India and it is therefore subject to income-tax. According to Section 3 of Act VIII of 1917 any income liable to pay income-tax under Act II of 1886 is liable to pay Super Tax if it comes under the schedule appended to the Act. I think, therefore, that the Mysore Government is liable to pay Super Tax. The liability is in respect of the income accruing in British India and I do not think the portion of Section of the Super Tax Act relating to British subjects in Native States has reference to the question under consideration.

mule

6

14 6. Whether the tax is levied "at the source" or is calculated with reference to the total income of a person does not also seem to affect the question of the liability of an income to the tax, if on the ground of its amount it is liable to pay the tax. Super Tax is levied in addition to income tax and income accruing in British India comes under Sections 13, 14 and Part III of the Second Schedule of the Income Tax Act and Sections 1 and 3 of the Super Tax Act and it is, therefore, liable to pay the taxes under both these Acts,

15 7. In their letter No.915 dated the 24th April 1917 to the Controller of Currency --- (copy of which was received through the --- Residency) Government of India have stated that they have decided to exempt from Super Tax the interest payable on Government Promissory Notes held by Native States in the Special Form. This means that interest on the Ordinary Form Notes is liable to Super Tax as it is to income-tax.

16 8. The question is a legal one and I cannot express any definite opinion on it. As I read the two Acts, I think that the Mysore Government is liable to pay Super Tax.

17 9. I consider that the levy of any tax - whether income tax or super tax - on the -- income from investments of a Government is unjustifiable. Such investment is not private but public Property. Under the spirit of the Income Tax Act any income ---------

any

any income derived from property solely employed for public purposes should be exempt from income tax and consequently from Super Tax also. If the income from property employed for a religious or public charitable purpose is exempt from income tax, it is difficult to understand why income from an investment for public purpose made by a Government should not also be exempt from tax. The principle of exempting income from such investments from income-tax is recognised by the Government of India in regard to Government Pro-notes in the Special Form for Native States. It is not clear why the form of ~~the~~ Notes should be the materials consideration for deciding whether income-tax should be levied or not. Investments in the Government of India or other securities of the funds of a Government are for public purposes and the income from them must on principle be exempt from all taxes whatever the form of the investments.

10. As in the case of the Special Form Notes the only point for consideration is if an investment forms the property of a State and so long as the condition is satisfied it seems to me that the investment, whether in ordinary or special form of pro-notes or in other securities, should be exempt from all tax. Attention is invited in this connection to my Note dated the 28th January 1915. I think it is necessary to request the Government of India to exempt all our investments from income and super taxes and not only that part of our investment which happens to be in the form of special notes for Native States. There is no

Flag L

There is no difference whatever in the objects of the two kinds of investments and both are entitled to the same treatment.

Camp Mysore,
3rd November 1917.

Comptroller.

CV/3-11

19

A.

Statement showing particulars of investment in Government of India Pro-notes during the year ending 31st March 1917.

Particulars of holding on 1-4-1916.		Amount disposed of in 1916-1917		Holding on 31-3-17.	Interest received and date			Interest accrued.		
Year of loan.	Amount	Amount	Date.		First ½ year	Second ½ year	Total	First ½ year	Second ½ year.	Total
1854-55	50000	50000	28-8-16	..	875-0-0 30-6-16	..	875-0-0	714-9-4	..	714-9-4
1865	2000000	21000	20-11-16						100-0-8	
		519100	21- 11-16						2523-6-5	
		104000	12- 1-17						1021-3-7	
		644100		1355900	35000-0-0 1-5-16	35000-0-0 1-11-16	70000-0-0	35000-0-0	23728-4-0	62372-14-8
1896-67	1900	1900	12-1-17	..	28-8-0 30-6-16	28-8-0 Dec.16	57-0-0	28-8-0	16-0-0	44-8-0
1900-01	4930000	108000	7-7-16					1008-0-0	..	
		17000	28-8-16					242-15-4	..	
		1300000	14-3-17					22750- 0-0	20601-6-3	
		1423000		3505000	86275-0-0 30-6-16	84087-8-0 30-12-16	170362-8-0	61337- 8-0	61337-8-0	167277-5-7
Total	6981900	2121000		4860900	122178-8-0	119116-0-0	241294-8-0	121081-8-8	109327-12-11	230409-5-7

4

20

Statement showing particulars of investment in Municipal and Port Trust Debentures for the year ending 31st March 1917.

Particulars of investment.		Interest realised.		
Nature of holding.	Amount.	First half year	Second half year.	Total for the year
Madras Municipal Debentures of 1895	14,000	280-0-0	280-0-0	560-0-0
do of 1913	1,45,000	2,900-0-0	2,900-0-0	5,800-0-0
do of 1914	1,41,000	2,820-0-0	2,820-0-0	5,640-0-0
Calcutta Municipal Debentures of 1904-05	30,000	600-0-0	600-0-0	1,200-0-0
do of 1905-06	70,000	1,400-0-0	1,400-0-0	2,800-0-0
do of 1912-13	4,00,000	8,000-0-0	8,000-0-0	16,000-0-0
Bombay Municipal Debentures	5,00,000	10,000-0-0	10,000-0-0	20,000-0-0
Karachi Port Trust	4,50,000	9,000-0-0	9,000-0-0	18,000-0-0
Bombay Port Trust 30 years	4,00,000	8,000-0-0	8,000-0-0	16,000-0-0
do 60 years	1,00,000	2,000-0-0	2,000-0-0	4,000-0-0
Total ...	22,50,000	45,000-0-0	45,000-0-0	90,000-0-0

3.11.17

D 981.

IMMEDIATE. CONFIDENTIAL.

Immediate. Pl. no. 1117/17. 10.

G.R.S. III—3]

C 7 94-17

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Confidential.

Immediate.

21.

A copy of the notice issued by the collector concerned is herewith forwarded G.O. with the compliments for perusal and favour of an expression of his opinion as to whether the Mysore govt is liable to pay Income tax under the provisions of Act VII of 1917. The notice may be kindly returned with his opinion.

To the Govt. advocate.

By order
N Srinivasa Iyengar
Secretary

31.10.1917
Mysore.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

P.T.O.

D 981

11

G.R.S. 13]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

No. W. 25 of 1917-18

in reply quote

2.
Sec 3 of the Super tax act which is in force in the Cons states provides that in addition to the tax imposed by sec 4 of the Indian Income Tax act there shall be paid a super tax upon the taxable income computed at the rate specified in the schedule annexed to the super tax. Under sec 4 of the Income tax act read with part III of the 2nd Sch Income tax is payable on for[illegible] India Securities. As our Govt are now paying income tax on the Govt of India Securities owned by them except in respect of those specially exempted they will be liable to pay super tax also provided that the annual income from that source is in excess of Rs 2000/-.

Kindly advise
for orders
1-11-17.

3
An interim reply has been sent vide papers in linked file.
4 Please send all papers to Govt Advocate & get his opinion within 2 days.
9.11.17.

N.B.—Should routine notes be written on small slips the notes must be copied, or slips pasted on this form.

Read
2-11-17.

5
To the Govt Advocate No. with compliments.
9.11.17.

Jersey) 18
3.11.17.

GPB—20,000—23-12-13

U.O. No. 27

27. "SUPER TAX AND GOVERNMENT SECURITIES."

I have had the advantage of perusing the notes of the Assistant Secretary and the Comptroller, on the subject and I have no reason to alter my opinion expressed on the 1st instant. The main argument advanced by the Assistant Secretary is that whereas the tax under the main act is deducted at the source, the super tax is a tax levied on individuals by direct assessment. In para 3 of the Statement of Objects and reasons it is stated that "the super tax will in general be a tax on the incomes accruing to individual assessees and it will not be deducted, 'at the source' from dividends or interest on securities received by them, the proceeds of such dividends or interest being included in their returns of total income which under clause 5 of the Bill they may be required to furnish". This sharp distinction admitted to exist, places, in the opinion of the Assistant Secretary the super tax on a footing different from the Income-Tax and affords a ground for claiming immunity from liability to pay Income-tax.

It

It seems to me that this difference in the mode of levy does not affect the principle on which the Super-tax is founded, but was purposely resorted to, to avoid multiplicity of refunds and for no other reason. Taxation "at the source" ~~or~~ as in the case of Income-tax, was by practical experience found to entail additional -- labour, reduplication of needless and avoidable work by reason of refunds. If the same principle was adopted in the levy of the Super-tax it was feared that there ~~wa~~ would be room for an enormous number of refunds to deal with later on. That is the reason why in the Super-tax Act the legislature was obliged to get away from the -- mode of levy "at the source" prescribed in the Income-Tax Act, and to adopt the principle of taxing the individual at whatever rate of Super-tax he might be liable to.

The Comptroller is of opinion that exemption to - pay Super-tax can be claimed on the footing that our investments which are investments of Public funds in the interests of general administration must be deemed to be investments for"public purposes" and treated on the same footing as investments made for "public charitable

purposes"

purposes". I am of opinion with great deference, that it cannot, in law, be so treated. "public Charitable purposes" are no doubt a species of"public purposes viz., public purposes of a charitable nature." Public charitable purposes are in essence " public purposes of a - charitable nature" that is to say the property held in public trust(as distinguished from private trust) for charitable objects. Public revenues in the hands of Government can hardly be said to remain with them in public trust for any charitable purpose. I may add that this question was once raised in the year 1915 in Sir Hugh Daly's time and the contention now put forward was ~~adopted~~ dropped vide Dewans D. O. No. 2758 dated 16th February 1915. It is no doubt true that the question then touched upon investments in Municipal debentures, but there is no difference in principle.

29 The exemption of notes in the special form noticed in the Civil Account Code is subject to considerable limitations and will not and is obviously not meant to

to apply to ordinary notes which are not in that form.

Ramaswamiyer
for Advocate
12.11.17.

Fl (Secy). 16
12.11.17

1) I think the statement required by the Collector may be got prepared by the Comptr & sent to the Collector in continuation of our letter of 4.11.1917.

2) The Comptr & the Govt Advocate are both of opinion that the Govt of Mysore will have to pay super-tax. The order of the Govt of India dated 24-4-17 states that they have decided to exempt from super-tax the interest payable on Govt Promissory notes held by Native States in the special form also shows that the Govt of India expect super tax to be interest of papers in paid on the ordinary form.

3) Fortunately the bulk of our investments are in the special form & we shall have to pay neither income-tax or super tax on interest on those papers.

4) It is a matter for the orders of Govt whether in view of what is stated in (2) above any representation

Serial No.

should be made to the Govt of India for exemption.

5) In the statement to be furnished to the Residency all income from Govt & Local Bodies' securities will be included and it will be stated in a foot note that the income from notes in special form & those held as charitable endowments have been excluded. The notes held on our behalf by the Bank of Madras will of course be included. The statement after it is prepared by the Comptr & checked will be submitted to Dewan Sahib for signature.

12.11.17

1st member
Dewan

P.S. Personally on broad principles if not also on the wording & intention of the Super-tax act itself I venture to think that a fair case can be made out for exemption from Super-tax. Prima facie the Govt of India cannot & does not generally tax native states. The case of income-tax on the interest of Govt Govt & other securities is an exception to this general rule under the special provisions of the Income-tax act under which

Schedule III

NOTE—Contn. sheet.

GPB—25,000—22-3-15

16

WD 1233—GPB—60,000—1-12-16—S.

981 17

G. R. S. III-2]

General and Revenue Secretariat. | G. I. File No. 94 of 1917.

Serial No.

all interest on such securities payable in British India by whomsoever held is liable to income-tax. The Super-tax act does not explicitly say that super-tax is payable by all who are subject to income-tax, if their income exceed the super-tax limit. On the other hand Section 3 distinctly says that it is payable by every person subject to this act. The extent as given in Section 1 (2) does not cover native States; and the explanation in the Statement of Objects & reasons that the Super-tax is a tax on the income accruing to individual assessees supports the view that Native States are not to be regarded as assessees subject to this tax. But though a case can be made out it is a matter for consideration whether this is an opportune moment for making such a representation. I have therefore asked for first orders on this point. If so ordered the following action will be taken after sending the required statement to the collector & before payt of super-tax

(a) Steps will be taken to ascertain whether other Native States are paying super-tax on securities held by them in the revenue from

(b) The legal aspect of the question will be further examined.

16/11

1st Member Secretary

16 16-11-17. 17

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | G 7 File No. 94 of 191 7.

Serial No.

32

1825/16.11.17

I fear that as things are, we cannot escape the Super-tax. But as Comptroller and Auditor-General I do not like the post-script, and I think it should be made out for claiming an exemption. A letter as proposed by Mr Hay may be taken in hand meanwhile and the statement called for & the Collector's answer &c &c

16/11/17

16/11

2008/17.11.17

Dawson)
Hyam.

33 Please return with a Final Note with a draft. Reply as new draft.

20.11.17.

MS Fin

34 Immediate — With statements complete.

20/11

35 Draft Final note & draft letter to Hay with statements A & B are submitted

H Hay)

24.11.17.

36.

22/11/17

[Fair copies of statements attached signed by the Comptroller should be put up for the signature of Secretary to the Treasury & Deputy Secretary

NOTE—Contn. sheet.

1st December. 18/24/11/17

37 Copies sent 23/11/17

WD 1283—G P S—60,000—1-12-16—S.

19

General and Revenue Secretariat. G.A. File No. 94 of 1917.

Serial No.	
38	Fair final note signed by Hon'ble Member as put up. DN 23/11/17
39.	Vide order of 20.4.1917. With DS N. 18 23.4.17

1939 / 23.11.17

2757 / 23.11.17

P 70

Final Note by the First Member of Council.

20

Subject:—

40 Liability to pay super-tax in respect of the income from interest from the Durbar's investment made in Government of India Securities etc., under Act VIII of 1917.

---

41. These papers relate to the liability to pay super tax in respect of the income from interest from the Durbar's investment made in Government of India Securities, etc. under Act. VIII of 1917 - Government of India Super tax Act of 1917.

2. With his letter No.794 dated the 23rd October 1917, the Collector, C.&.M. Station, forwarded, through the Residency, a notice in duplicate under section 5 (1) of the Super Tax Act to be served on the Dewan of Mysore inviting him to furnish a true return of the income of the Mysore Government under part III (Interest on Government pro notes) of the Income Tax Act (II of 1886) for the year ending 31st March 1917.

3. The original notice was returned duly endorsed before the prescribed date viz., 5th November 1917, and the First Assistant Resident was requested to intimate to the Collector, C.& M. Stn. that a reply to the notice would be sent as early as practicable.

4. In the meantime the Comptroller was asked to furnish a statement showing the details of the income of the Mysore Government from their investments in Government of India Securities Etc. and the Government Advocate was consulted as to the liability of the Mysore Government to pay super tax in respect of the said income.

5. The Comptroller and the Government Advocate are both of opinion that the Government of Mysore are liable to pay super tax. The

order of the Government of India dated the 24th April 1917 stating that they have decided to exempt from super tax the interest payable on Government pro-notes held by Native States in the special form shows that the Government of India expect super tax to be paid on interest on papers in the ordinary form.

6. In the notice a return of the income from interest on Government Pro Notes is desired. It is proposed however to enter in the statement to be forwarded to the Collector all income from the Government of India Securities and Muncipal and Port Trust Debentures also and to add a foot note that the income from promissory notes held in the special form and as charitable endowments has been excluded.

7. The Financial Secretary considers that on broad principles of taxation if not also on the wording and the intention of the super-tax act itself, a fair case can be made out for claiming exemption from super tax. This aspect of the question will be further examined and suitable action will be taken to move the Government of India if necessary.

8. In the meantime the draft letter to the Residency forwarding the statement of income called for by the Collector Civil and Military Station, may be graciously approved.

23rd June 1917

22

Submitted to His Highness.

42 *I submit herewith a Final Note by the* First *Member of Council on the subject of* action to be taken in regard to the liability to pay super tax in respect of the income from Government investment in Government of India Securities, &c., under the Government of India Act VIII of 1917 (Super Tax Act)

for His Highness' gracious approval.

M. V. Bhore

Dewan.

24 Nov. 1917

P.D.O

22

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

43 *Action to be taken in regard to the liability to pay super tax in respect of the income from Government investment in Government of India securities, etc.*

556

44 **Order.**

~~KRM~~

26/11/17

45. [illegible]

27-11-17

46. (1) [illegible]

27-11-17

47. (2) [illegible]

WD 1233—GPB—60,000—1-12-16—S.

24.

G. R. S. III-2]

General and Revenue Secretariat.

G 7 File No. 94 of 1917.

Serial No.	
	48. Issue the resubmit. file pending 18 28/4
2.	To The F.A.R. Pol 496 & 28. 11. 17. Forwards two statements showing income from interest on Govt of India Pro-notes held in the ordinary form and the debentures of local bodies in British India, for being passed on to the Collector, C & H Station.
49	Resubmitted, with reference to para 9 of the Trial Note of Ch member. 29/11 18 29.11.17
	Issue).
50	1) I am preparing a draft & will discuss the matter further with the Govt Advocate 2) In the meantime I want to know as to whether the whole amount of interest

Ho No: 109 of 5.12.17

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

25

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

Shown in Comptr's statement I is interest on paper in the ordinary form. There was considerable conversn from special to ordinary form during the year for sale. Interest upto the date of such conversn should be excluded from the statement as interest on special form.

MS 5/12/17

51 The interest shown in the statement is all on paper in the ordinary form. No conversion took place during 1916-17.

M. Hamilton Rao
Comptroller
8/12/17.

No. 8 Secs 104/R
8/ 10.12.17.

A. REV. SEC.
11
1 DEC 1917

52 I propose that the Secretary may circulate the proposed draft to the F.B.R for consideration at the early meeting of the Council

2176
14.12.17

13/12/17 Secy

3119
15/12/17

Ch-Secy) 53. This may be considered at a meeting of Council.

Dewan) 54 Next week, please MS 14/12/17

55. As with MS 17/12/17 Secy 18/12/17 18/12/17

NOTE—Contn. sheet.

~~(Informal)~~

(For Disposal at the next Meeting)

No. C. 380

14/12/1917

GENERAL AND REVENUE SECRETARIAT.

COUNCIL MATTER.

SUBJECT.

(clause xii of the schedule)

SB Question of the liability of the Mysore Government to pay super tax on the interest accruing to them from their investments in the Government of India pro-notes (ordinary form) and debentures of local bodies in British India.

RE-CIRCULATED TO THE MEMBERS OF COUNCIL.

In accordance with the orders of the Dewan & 30.3.18.

By Order,

C Balasundaram Jr

18th December 191 7. Chief Secretary to Government.

14.4.18 Extraordinary Member of Council.

Dewan 22.1.18.

3/4/18 First Member of Council.

1/4 Seen.

Second Member of Council.

2012

26/12/17 2/4

26/1.4.18.

WD 2670—GPB—1,000—11-5-17

24

(201) 26.

57 Question of the liability of the Mysore Government to pay super tax on the interest accruing to them from their investments in the Government of India pronotes (ordinary form) and debentures of local bodies in British India.

OPINION OF THE COUNCIL.

Find and transcribe in Steen Rathreaders

P. 30

27.

WD 1233—GPB—60,000—1-12-16—S.

1858
2534

28

G. R. S. III-2]

General and Revenue Secretariat.

G7 File No. 94 of 1917.

	Serial No.	
2795 14/2/18	61	Draft subd (by 8th member) 18 14.2.18
		14/2/18
	62.	Draft approved by the 7th member. 15/2/18
	63	Issued 16/2
	L.A	To The 7 A R Pol 765 dy 18. 2. 18 States that the matter is still under consideration and a communication will be addressed in a short time.
	10	From the 7 A R. No 2329 dy 28. 3. 18. Forwards a general notice in duplicate issued by the Collector C & M Station, (pointing out the amount assessed) under the provisions of the Super Tax Act and requests that the original may be returned after acknowledging Service.
		From the Same D.O. 2330 dy 28. 3. 18 States that if the Darbar would prefer such notices to be made out in the name of the Fin Secy or other officer, the Collector would be advised accordingly.

Sale
Tel
30/3.

NOTE—Contn. sheet.

To Leg). 18
30.3.18

29

WD 1233—GPB—60,000—1-12-16—S.

Serial No.

Super-tax

64. The Council decided to make enquiries about the practice in other Native States & informal enquiries have been made of Baroda & Nabha agencies. No replies have been received.

65. There are two points for orders

(a) Whether Service of the notice may be accepted & the original returned with the necessary endorsement.

(b) Whether we should wait for the replies from Baroda & Nabha or send a representation at once. Three drafts one by the first Advocate, one by the Chief Secy & the third by myself are on the file. The substance in each case is much the same & if it is decided to make a representation at once the subject may be considered at the next meeting of Council & one of the drafts adopted with suitable modifications.

66. The question referred to at (a) is more political than financial. Can the Mysore Govt receive a notice like this from a Collector as an assessee under the Super-tax act? Two courses are open (1) to acknowledge receipt of the Residency Communication with its enclosures and say

NOTE—Contn. sheet.

2534

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. 111-2]

General and Revenue Secretariat. | 9.7 File No. 94 of 1917.

Serial No.

that pending the final decision of the Govt of India in the matter the Mysore Govt cannot accept formal service of such a notice; or (2) to accept service under protest and say that in the opinion of the Mysore Govt it cannot be treated as an assessee under the Super-tax act.

67 I would advise course (1) being followed and the draft put up by me on 11.12.17 being approved for issue.

M
3/3

68 Dewan's minute on Copy of Residency letter of 28.3.18

---

69 The Fin Secy will kindly give special attention to this subject.

70 This may also be circulated to Council and brought up at the next meeting for informal consultation."

30.3.18 Sd. M.V.

71 The papers with the foregoing note are therefore sent with compliments to the Chief Secy for circulation

M
30.3.18

18
31 3d/9/18

NOTE—Contn. sheet.

31

Extract from the Proceedings of the 446th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 4th April 1918.

---

11. Subject.-Clause xii of the Schedule.

72 Question of the liability of the Mysore Government to pay super-tax on the interest accruing to them from their investments in the Government of India pro-notes (ordinary form) and debentures of local bodies in British India.

OPINION OF THE COUNCIL.

73 The liability to the super-tax may be repudiated and the Government of India addressed in the matter through the Residency.

Sd. M. Visvesvaraya,

DEWAN OF MYSORE.

74

"EXTRACT"

C S Balasundaram Jr

Chief Secretary to Government.

2

GRSM: 508

2534 (11) C

WD 1283—GPB—60,000—1-12-16—S.

G. R. S. III-2]

C. 330

(2)

General and Revenue Secretariat. | File No. | of 191

Serial No.

75 Extract from the Proceedings of the Council is put up.

76 Forwarded with compliments to the Secretary to Government, Financial Department for favour of necessary further action. 2 Drafts are putup for reference.

By Order,

C. Balasundaram
Chief Secretary to Government.
~~General Department~~

5.4.18

M
7/4/18
1st Member

(illegible) DW DS N
18
674

M
5.4.18

Offg
Secy

77 8/4
Fair final note signed by the 1st member is put up.

78
8/4/18 Dewan) with DS N.

18
8.4.18

5338
9.4.18

508
8/4

P.D.O

NOTE—Contn. sheet.

Final Note by the First Member of Council

Subject:—

79 Liability to pay supertax on the interest accruing from investments in the Government of India pro-notes (ordinary form) and debentures of Local bodies in British India.

---

80 With His Highness orders dated 26.11.17 the statement of income of the Mysore Government in respect of Government of India securities and debentures of Local bodies for 1916-17 called for by the Collector Civil and Military Station was furnished to the Residency and the Residency was informed that a further communication would be addressed in due course in the matter of the liability of the Durbar to supertax.

81 2. The first Assistant Resident has now forwarded a formal notice in duplicate issued by the Collector Civil and Military Station on the Durbar desiring that a sum of Rs.40,560-2- should be paid within 60 days from the date of the notice or application be made to the Collector within 30 days for having the assessment reduced or cancelled.

82 3. The question of the liability of the Government to supertax has been very carefully considered in more than one sitting of the Council and it has been finally resolved that the liability to the supertax may be repudiated and the Government of India addressed in the matter through the Residency. The draft letter to the Residency prepared after consulting the Government Advocate and the Financial Secretary embodies the views and opinion of the Council and may be approved.

S/Bft. 18

First Member of Council.

Submitted to His Highness.

I submit herewith the Final Note of the First Member of Council on the question of the liability of the Mysore Government to pay supertax on the interest accruing to them from their investments in the Government of India Pro-notes (ordinary form) and debentures of local bodies in British India, for the gracious approval of His Highness the Maharaja.

M. Visvesvaraya

13 April 1918.

P.J.O

C. 380

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

84

Question of liability of the Mysore Government to pay supertax on the interest accruing to them from their investments in the Government of India Pro-notes and debentures of local bodies in British India.

119

85 *Order.*

KRW

15/4/18

3740
17.4.18.

17/4

18/4

45.
17.4.18.

16.4.18

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.

G. J File No. 94 of 1917.

Serial No. 11

To The F. A. to the Honble the Resident
No: Pol 957 Dated 20-4-1918
Urges
~~States~~ that in the circumstances stated the Durbar are not liable to the Super-tax and requests that necessary instructions may be issued to the local officers to withdraw the demand that has been made on the Durbar.

—

To The Same Officer
No: Pol 989 Dated 30.4.18
1.5.18

Adverting to his letter forwarding a demand notice from the Collector, C & M Station, invites reference to the above letter in which it has been urged that the Durbar are not liable to the Super tax.

—

From the first Asst to the Honble the Resident
No: 3248 Dy 6.5.1918
Refg to letter Dy 20.4.18 above States that the Honble the Resident has referred the matter to the Govt of India for orders.

67 Finl Secretary
Intd B.S.
7.5.18. 37

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | 97 File No. 94 of 1917.

Serial No.	
	1st Member & Dewan) Intd J. S. C. 7.5.18
	Seen Intd M. K. 8.5.18
	Copy has been sent to Dewan by Registrar Intd B. S. 9.5.18
12	From the F. A. to the Honble the Resident No: 4781 dated 8th July 1918 States that the Govt. of India are pleased to waive the demand for payment of Super-tax on the interest received by the Durbar on the Securities mentioned.
	To The Collector C & M Station No: 4782 Forwards Copy of the above for information.
	Financial Secretary's orders on the p.u.d "Seen. Please put up with the file" Intd J. S. C. 10.7.18
	File Subd 10.7.18. (C Secy) 10-7-18

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

38

D85

G. R. S. III-2]

General and Revenue Secretariat. | G. F. File No. 94 of 1917.

117.

Serial No.

92 The decision of the Govt of India waiving the demand of super-tax is very satisfactory.

93 Both the Govt Advocate & the Comptr were of opinion that under the law as it stands the tax was payable by the Durbar. It is very creditable of the Govt of India to shew such consideration as they have done. A reply acknowledging the letter & communicating the thanks of the Durbar is put up for approval.

94. The financial value of the concession is over Rs 40,000 per annum

M
11.7.18.

1st Member
Dewan

95. Yes. It is indeed very satisfactory.

12/7

96. May issue. The person may then be informed by His Highness.

13.7.18

97.

ISSUE AND SUBMIT

15.7.18

Issue

NOTE—Contra. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

85

G. R. S. III-2]

General and Revenue Secretariat.

97 File No. 94 of 1917.

Serial No. 13

To The First Assistant to the Honble the Resident
NO: 58 dated 17.7.18
Acknowledges receipt of his letter of 8th July 1918 (Sl 12) and requests that the best thanks of the Durbar may kindly be conveyed to the Govt of India for their favourable decision on the question
98 Subd with reference to orders on the previous page. D.S.N. is put up.

Hon. Mr
17-7-18
Jersey)

176
18/7

18
18.7.18

Mr
17

562
26.7.18

Dewan)

18
26.7.18

P.T.O.

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-8-18—S.

(16)

Submitted to His Highness.

99 I submit for His Highness's gracious perusal letter dated 8th July 1918 from the Residency intimating in reply to the Durbar's letter dated 20th April 1918 the Government of India's decision to waive the demand for payment of super-tax on the interest received by the Durbar on the Government of India Securities held in the ordinary form and on debentures of Local Bodies in British India.

2. The decision of the Government of India is satisfactory. The financial value of the concession is over Rs.40,000 per annum. In fact a notice for payment of Rs.40,560-2-0 being the tax for the year ended March 1918 had been received from the Collector, Civil & Military Station with a request to pay the amount within 60 days.

3. A letter requesting the Residency to communicate the Durbar's thanks to the Government of India for their favourable decision on the question has issued.

M. Viswanadha -

31st July 1918.

40

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

102 Residency letter intimating the decision of the Government of India to waive the payment of super-tax on interest received by the Durbar on certain securities and debentures held by them.

103 *Order.*

1. 8. 18.

104 Fin Secretary

2. 8. 18

2/8/18

3/8/18

B

41

(3) D 981

No. 794 ENCLOS. 2.
J.T.

Office of the Collector,
CIVIL AND MILITARY STATION,

Bangalore, 23rd October 1917.

RESIDENT'S OFFICE,
BANGALORE.
Register No. 8071
Date of Receipt 25-10-17
File No

No 8 2760 G.S.

FROM

A. R. Cox, Esquire, B. A., I. C. S.,
Collector, Civil & Military Station,
Bangalore.

To

The Secretary to the Government of Mysore,
Bangalore.
(Through the First Assistant Resident)

SIR,

I have the honour to forward herewith a notice under Section 5(1) of Act VIII of 1917 (Super-Tax Act, 1917) and to request that the duplicate thereof may be caused to be served and the original returned to this office with the mode of service duly endorsed thereon.

I have the honour to be,
Sir,
Your most obedient servant,

Collector.

Pol 624
29.10.17

Mail
28/10/17

No. 8272 Enc 2 Resident's Office Bangalore.
Dated the 29th October 917.
Forwarded

For First Assistant Resident

S. 22.—R. P. B.—5-1916.—10,000.

Duplicate

Office of the Collector,
Civil & Military Station, Bangalore.

October 1917.

Notice under section 5(1) of Act VIII of 1917
(Super-tax Act , 1917).

You are hereby invited under section 5(1) of ~~Act~~ the above Act to prepare under your signature a true return of the income of the Mysore Government under Part III (Interest on Government Pro:notes) of the Income Tax Act (II of 1886) for the year -- ending the 31st March 1917 and cause the same to be delivered at the above office on or before the 5th November 1917 .

Collector.

To

The Dewan of Mysore,
Bangalore.

20/10/17

G. R. S. VI—G/32]

SUBJECT.....

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT

( )

, the 191 .

Date of issue.....

Signed by.....

Section G 7

File No. 96

Serial No. 2

9-4-11-17

No. 594 cap

Enc. one

To

The F A R

Sir

I am directed to acknowledge the receipt of the letter No 794 dt 23. 10. 17 from the Collector of C & M Station Bangalore, (forwarded with your endorsement No 8272 dt 29. 10. 17) calling for the return of the income of the Darbar from the interest on Govt promote notes for the year ending 31st March 1917 in connection with the levy of Super tax under Act VII of 1917 and to state that a reply will be sent on or as soon as practicable over.

41 —

the receipt of the information which has been called for from the Comptroller. It may not be possible to return the notice within the 5 instant as required in the letter under reply.

I have &c

JMS
4.12.17
Fl Secretary

This fact may kindly be communicated to the Collector. The notice which was attached to the Collector's letter is returned herewith duly endorsed

List of enclosures.

Copied by

Examined by

W D86—GPB—60,000—15-11-16

Copy of notice

Office of the Collector,
Civil & Military Station, Bangalore.

October 1917.

Notice under section 5 (1) of Act VIII of 1917
(Super-tax Act, 1917).

You are hereby invited under section 5 (1) of the above Act to prepare under your signature a true return of the income of the Mysore Government under Part III (Interest on Government pro-notes) of the Income Tax Act (II of 1886) for the year ending the 31st March 1917 and cause the same to be delivered at the above office on or before the 5th November 1917.

Sd./ A. R. COX,
Collector.

To

The Dewan of Mysore, Bangalore.

Copy of Endorsement made on the original

Duplicate served on the Financial Secretary to the Government of Mysore in person and the original is returned as desired in letter No. 794/I.T. dated 23rd October 1917 for the Collector, Civil and Military Station, Bangalore, to the Secretary to the Government of Mysore.

Camp Mysore,
Dated 4th November 1917.

Sd./- J.S.CHAKRAVARTI,
Financial Secretary.

To

The Collector, Civil & Military Station, Bangalore,
THROUGH THE FIRST ASSISTANT RESIDENT.

C.F. 74-1

Pol. 496. Enc two Ser. 2

& 28/11/17

To

The First Assistant Resident

in Mysore.

Sir,

X

In continuation of my letter No.594 dated 4th November 1917 I am directed to forward herewith two statements A & B signed by the Dewan of Mysore showing the income of the Mysore Government from ~~the~~ interest on Government of India Pro Notes held in the ordinary form and the ~~Municipal and Port Trust~~ Debentures of Local bodies in British India respectively for the year ending 31st March 1917 and to request that they may be forwarded to the Collector C & M station.

I have etc.,

2 His Highness' Govt. Sanctions & address the Residency separately in the subject.

Financial Secretary to Govt.

B.K.M.

47

A

×

Statement showing particulars of investment in Government of India Pro Notes during the year ending 31st March 1917.

Particulars of holding on 1-4-1916z		Amount disposed of in 1916-17.	Holding on 31-3-1917	Interest received.	Interest accrued.
Year of loan.	Amount.			~~Total~~ for the year.	~~Total~~ for the year.
1854-55	50,000	50,000	--	875-0-0	714-9-4
1865	20,00,000	6,44,100	13,55,900	70,000-0-0	62,372-14-8
1896-97	1,900	1,900	--	57-0-0	44- 8-0
1900-01	49,30,000	14,25,000	35,05,000	1,70,362-8-0	1,67,277- 5-7
Tota Tota	69,81,900	21,21,000	48,60,900	2,41,294-8-0	2,30,409- 5-7

241

× N.B.1) Promotes held in the Special form are not shown in this Statement. Vide art. 214. A. C. Ac. Vol. I & also section 6 of the P. Loan Act.

2) Promots held as charitable endowments are also excluded. - Vide Section 5 (c) of Promissory Act. II of 1886. * flag K.

Statement showing the particulars of investment in Municipal and Port Trust ~~Benches~~ debentures for the year ending 31st March 1917

Particulars of investment.		Interest realised.
Nature of holding	Amount.	Total for the year.
Madras Municipal Debenture of 1895	14,000	560-0-0
do do of 1913	1,45,000	5,800-0-0
do do of 1914	1,41,000	5,640-0-0
Calcutta Municipal Debentures of 1904-05	30,000	1,200-0-0
do of 1905-06	70,000	2,800-0-0
do of 1912-13	4,00,000	16,000-0-0
Bombay Municipal Debentures	5,00,000	20,000-0-0
Karachi Port Trust	4,50,000	18,000-0-0
Bombay Port Trust 30 years.	4,00,000	16,000-0-0
do 60 years	1,00,000	4,000-0-0
Total.	22,50,000	90,000-0-0

D 1898

No. 869. D 1898 / 97 94-17-4

FROM

MAJOR E. H. S. JAMES,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

Pol. 1109 / 5.2.18

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Fetters. 15 / 5/2/18

Dated Bangalore, 2nd February *191*8

SIR,

I am directed to invite a reference to para 2 of your letter No.496 Pol., dated the 28th November 1917, regarding the question of super-tax in respect of interest on Government Pro-Notes owned by the Durbar, and to enquire when the further communication referred to therein may be expected to be received in this Office.

I have the honour to be,
Sir,
Your most obedient servant,

HS James

First Assistant Resident.

CAS

50

R. O. 2.—R. P. B.—10-1917.—1,000

Issued

Private & Confidential

Bangalore 10
9.2.1918.

To

1. The Political Secretary to Govt., Baroda.
2. The Secy. to H.H. the Maharaja of Nabha.

Dear Sir,

In connection with the Government of India Pro-notes in the ordinary form and debentures of local bodies in British India in the holding of the Mysore Government, a doubt is entertained here as to whether the interest on these securities is assessable to the super-tax under the Government of India Act VIII of 1917 ~~under which the tax is leviable does not appear to be clear on the point.~~

If the Government of H.H. the Gaekwar / Nabha has had also to deal with this question I ~~request~~ that if there be no objection I may be kindly informed of the decision finally arrived at ~~and the reasons therefor~~.

I am making this enquiry purely informally and would request you also to kindly treat it as such.

Thanking you in anticipation.

Yours sincerely,

Private Secretary to the Dewan of Mysore.

51

G. R. S. 26]

SUBJECT..... Supertax .....

.....

.....

Diary No. of letter replied to 1898.

G/7 Section 97—17
File No.
Serial No. 4(a)

General and Revenue Secretariat

( )

, *the* 191 .

No. Pol/765
Eva Lee

Date of issue 18th July 1918

Signed by J. S. Chakravarthy

To

J A R

Sir,

With reference to your letter No 869 dated 2nd Feb 1918 enquiring when the further communication referred to in the Darbar's letter Pol 496 d 28 11 17 regarding the Super tax may be expected, I am directed to state that the matter is still under consideration and a ~~Communication~~ ~~letter~~ will be addressed in due course ~~a few days~~ a short time

over.

I have
18/4/2.18
For ~~H~~ Secretary

WB/10/2

mm

5?

List of enclosures.

Copied by

Examined by

GPB—20,000—14-2-14

28 MAR 1918

12

D 2534

G.7.94-17-10.

R. O. 2.—R. P. B.—2-1918.—500.

No. 2329 Encl. 2

Pol. 1413
28-3-18

FROM

MAJOR E. H. S. JAMES,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

To

The Financial Secretary to the Government of Mysore.

Dated Bangalore, 28th March 1918.

SIR,

I am directed to invite a reference to the correspondence ending with your letter No.765 Pol, dated the 18th February 1918, regarding the super tax in respect of interest on Government Pro-Notes owned by the Durbar. I am to forward a formal notice in duplicate issued by the Collector, Civil & Military Station of Bangalore, under the provisions of section 6 of the Super-Tax Act, VIII of 1917, and to request that the original may kindly be returned after accepting service.

I have the honour to be,

Sir,

Your most obedient servant,

53

First Assistant Resident.

Office of the Collector,
Civil and Military Station, Bangalore,
Dated the 25th March 1918.

NOTICE UNDER SECTION 6 OF SUPER-TAX ACT (NO. VIII OF 1917)

To

The Dewan of Mysore,
BANGALORE.

Please take notice that the Mysore Darbar have been assessed under the above said Act according to the particulars specified below and that the amount should be paid within sixty days from the date hereof or application made to the undersigned within thirty days from that date to have the assessment reduced or cancelled.

J. Clarke
COLLECTOR

Dated 25/3/18

Source or sources of income assessed	The year or the portion of the year for which the tax is to be paid	Place or Places where the income accrues.	The amount to be paid	To whom the amount is to be paid.
Interest on the Govt. of India Pro-Notes and Municipal Debentures ₹ Rs 2,99,654/- (Rs 3,49,654/- minus 5 00,000 = ₹ 2,99,654/-)	1917-18	Civil and Military Station, Bangalore.	Rs 40; 560-2-0	The Collector, Gen & Station, Bangalore.

57

Office of the Collector,
Civil and Military Station, Bangalore
Dated the 25th March 1918.

NOTICE UNDER SECTION 6 OF SUPER-TAX ACT (NO. VIII OF 1917)

To

The Dewan of Mysore,

B A N G A L O R E.

Please take notice that the Mysore Darbar have been assessed under the above said Act according to the particulars specified below and that the amount should be paid within sixty days from the date hereof or application made to the undersigned within thirty days from that date to have the assessment reduced or cancelled.

COLLECTOR

Sent 28/3/18

Source or sources of income assessed	The year or the portion of the year for which the tax is to be paid	Place or Places where the income accrues.	The amount to be paid	To whom the amount is to be paid.
Interest on the Govt. of India Pro-Notes and Municipal Debentures Rs 2,99,654/- (Rs 3,49,654/- minus Rs 50,000 = 2,99,654/-)	1917-18	Civil and Military Station, Bangalore.	Rs 40,560-2-0	The Collector, Constitution Bangalore.

55

D.O. No. M-2330

BANGALORE.

28th March 1918

Dear Sir,

Please refer to my letter No. 2329 dated the 28th March 1918, forwarding a notice in duplicate issued by the Collector, Civil & Military Station, of Bangalore, under the provisions of section 6 of the Super-Tax Act, VIII of 1917. The Collector has issued the notice to the Dewan, presumably as the Chief Ministerial Officer of the State. If, however, the Durbar would prefer that such notices should be made out in the name of yourself (the Financial Secretary) or any other Durbar Officer, the Hon'ble the Resident will be glad to advise the Collector accordingly.

Yours sincerely,

Dewan Bahadur
J. S. Chakravarti, M.A., F.R.A.S.,
Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

CAS.

Pol. 957 d- 20/4/18
Cr 96-17-11

2145

To

The First Assistant to the
Hon'ble the Resident in Mysore.

Sir,

In continuation of my letter No. Pol. 496, dated the 28th November last forwarding, in response to the requistion of the Collector, ~~of the~~ Bangalore Civil and Military Station, under the Super Tax Act VIII of 1917; statements showing the amount of interest accruing to His Highness' Government on their investments in the Government of India Pro Notes (ordinary form) and debentures of local bodies in British India, I am directed to request that the following points may be brought to the notice of the Government of India for consideration in connection with this demand.

and with reference to your letter No. 2329 dated the 28th March 1918 enclosing a formal demand notice in his behalf from the Collector, C & M. Stn.

2. On a comparison of the Income Tax and the Super Tax Acts, it is seen that the incidence and levy of the two taxes are dissimilar in many respects. Under section 13 of Act II of 1886, the interest on securitees is paid after deduction of the income-tax due thereon and the responsibility for failure to make such deduction is incurred by the authority empowered to pay the interest and not by the holder of the securities.

The super-tax, on the other hand, is not recoverable at the source but from individual

57

individual assessees after all the sources of income accruing to them in British India ~~are~~ have ascertained and after the Collector determines the persons chargeable and the amount of assessment. Under section 3 of Act VIII of 1917, it is only "persons subject to this Act" that are liable to the super-tax. Under section 1 of the Act, the persons subject to the Act are evidently residents in British India and British subjects residing in Native States. The Durbar can ~~evidently~~ obviously not be brought under either of these categories of persons.

3. Further, the machinery provided in the Act VIII of 1917 for the assessment and recovery of the super-tax is not one that can be applied to ~~a Native~~ the Mysore State. It does not appear to the Durbar that it is either appropriate or desirable that the Collector of the Civil and Military Station or the Collector of any particular disfrict in British India should be legally competent to determine the liability of the Durbar to the super-tax or to fix the assessment. Again, the methods of recovery of arrears of tax specified in Chapter V of the Income Tax Act of 1886- which are also applicable to the super-tax- are not such as can be applied ~~ble~~ to the Durbar.

No doubt in the case of the income-tax, which is recovered at its source in British India, and in respect of securities in the ordinary form held by ~~Native States~~ the Durbar, the question of the suitability or otherwise of

the application of Chapter V of the Act of 1886 does not arise, but that question requires consideration in the case of the super-tax which has to be recovered not at the source of the income but directly from the assessee.

4. The Government of India have been pleased to exempt the income from pro-notes in the holding of the Durbar from the super-tax as well as from the income-tax, ~~if~~ when these securities are in the special form. And the Durbar would strongly urge that the mere fact that a pro-note has not been converted into the special form should not make so material a difference in regard to the liability to the income-tax or the super-tax.

4. The Durbar have been contributing in several ways to the increased expenditure due to the war and they feel that it is not consistent with their position and dignity to be subjected to the super-tax ~~in the manner explained in detail above.~~ proposed.

5. In the circumstances stated above, the Durbar desire to urge that they are not liable to the super-tax and I am to request that necessary instructions may be issued to the local officers to withdraw the demand that has been made on the Durbar.

I have etc.,

7.4.18

Finl. Secretary to Govt.

59

Enclosure

2015 & 30 April / 1 May / 18

Pol. 989 / 1-5-1918

To

The First Assistant to the
Hon'ble the Resident in Mysore.

S i r,

Adverting to your letter No. 2329, dated the 28th ultimo forwarding a demand notice from the Collector, Civil and Military Station, Bangalore, for the payment of the super-tax due for the year 1917-18 on the interest on the Government of India pro-notes and Municipal debentures in the Durbar's holding, I am directed to invite reference to my letter No. Pol 957 dated the 20th April — 1918, in which it has been urged that the Durbar are not liable to this tax.

I have, etc.,

7/4/18
Finl. Secretary to Govt.

13/4

5/4/18

D 85

R. O. 2.—R. P. B.—5-1918.—1,000

Transd Pol. 44 10.7.18 (15) G7 94-7-12 No. 4781

FROM

MAJOR E. H. S. JAMES,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore, 8th July *1918.*

SIR,

With reference to the correspondence ending with your letter No. Pol.957, dated the 20th April 1918, regarding exemption from payment of the supertax on interest accruing on Government Promissory Notes held by the Durbar in the ordinary form and on debentures of Local Bodies in British India, I am directed to state that the Government of India are pleased to waive the demand for payment of super-tax on the interest received by the Durbar on the securities mentioned.

I have the honour to be,
Sir,
Your most obedient servant,

William Richards Lt.-Col.
First Assistant Resident.

No. 4782.

A copy of the foregoing letter is forwarded to the Collector, Civil & Military Station, Bangalore, for information

information, with reference to the correspondence ending with his letter No. 1059, dated the 25th March 1918.

(Sd) Arthur Richards,
Capt. P.A.
~~for~~ First Assistant Resident.

G. R. S. VI—G/32]

SUBJECT Conveying the thanks of the Durbar for waiving the demand for Super tax

Diary No. of letter replied to 85

GENERAL AND REVENUE SECRETARIAT,

( )

the 191

Date of issue 17.7.18

Signed by Dr. V.S. Chakravarti

Section 9.7

File No. 94-17

Serial No.

ISSUE AND SUBMIT

No. 58 & 17.7.18

Enc Nil

To

The First Assistant
to the Honble the Resident
in Mysore

Sir

I am directed to acknowledge the receipt of your letter no 4781 dated the 8th July 1918 ~~communicating~~ intimating that the Govt of India are pleased to waive the demand for payment of Super tax on interest accruing on Govt Pro notes held by the

over.

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Durbar in the ordinary
form and on debentures
of Local Bodies in British
India, and to request
that the best thanks of the
Durbar may kindly be
conveyed to the Govt.
of India for their favourable decision on the question.

I have &c

Financial Secretary

4.7.18

11.7.18

12/7/18

Hone
11-7-18

List of enclosure

Copied by

Examined by

WD 86—GPB—60,000—15-11 16